UNITED NATIONS

A

General Assembly

Distr.
GENERAL

A/C.2/47/2
22 October 1992

ORIGINAL: ENGLISH

Forty-seventh session
Second Committee
Agenda item 144

INTERNATIONAL COOPERATION AND ASSISTANCE TO ALLEVIATE THE CONSEQUENCES OF WAR IN CROATIA AND TO FACILITATE ITS RECOVERY

Letter dated 20 October 1992 from the Permanent Representative of Croatia to the United Nations addressed to the Secretary-General

I have the honour to enclose herewith a facsimile letter dated 20 October 1992, from Mr. Hrvoje Sarinic, Prime Minister of Croatia.

We would kindly request that this letter be circulated as a document of the General Assembly under agenda item 144.

[Signed] Mario NOBILO
Ambassador
Permanent Representative

ANNEX

Letter dated 20 October 1992 from the Prime Minister of Croatia to the Secretary-General

Today the most important tasks for the Republic of Croatia are peace and reconstruction.

The population and the Government of the Republic of Croatia are faced with the immense challenge of providing conditions for the economic and overall recovery of the homeland. The devastation of war has involved the destruction of many vital industrial facilities, while the transport, telecommunications, power production supply systems and the environment have suffered severe damage. The wounds and the scars of war are still visible everywhere: destroyed bridges, arable fields full of mines, destroyed villages and towns, defaced monuments of culture, demolished airports. The figure related to war damage in the Republic of Croatia - about US$ 21 billion as of June 1992 - is the best proof of Croatia's current predicament.

Today the Republic of Croatia is bearing the burden of the greatest refugee crisis in Europe after the Second World War, and unfortunately the end of the stream of refugees is not yet in sight.

The economic reconstruction of the country, the return of the refugees and displaced persons to their homes, the recovery of industrial production, the reopening of communications, the rehabilitation of the environment, the renewal of agricultural production and the opening of the market are goals of strategic importance not only for the future of Croatia but also for the stabilization of conditions in the greater European area. Post-war reconstruction and the attachment of full priority to economic development are unavoidable factors within the system of security and stability in post-communist Central and Eastern Europe.

Wishing to leave the period of war to history and to turn to the reconstruction and development of the country, the Government of the Republic of Croatia would like to inform the United Nations General Assembly about the conditions in which the Republic of Croatia is setting out towards the process of reconstruction, and about the material facts - the tragic heritage of the war forced upon Croatia.

Enclosed please find the Assessment of War Damage in Croatia (see appendix).

Hrvoje ŠARINIĆ

APPENDIX

Assessment of war damage in the Republic of Croatia

1. The devastation brought about by war, the destruction of the economy and property, and the aggressor's genocidal actions against the Croatian population and other citizens of the Republic of Croatia have no parallel in the history of Croatia's statehood. As early as the summer of 1990, and especially in 1991, the occupying forces and their local allies occupied about one third of the territory of the Republic, and war operations have affected about 50 per cent of the State territory.

The initial actions of the aggressor in mid-1990 involved the blockade of certain parts of the Republic of Croatia, and the plunder of the property of Croatian companies in the republics of Serbia and Montenegro.

However, the most substantial destruction, associated with the expulsion of the local population, took place from August 1991 until January 1992. From March to September 1992 such actions have been focused on the region of Bosanska Posavina.

As early as late October 1991 the overall magnitude of war damage had reached the figure of US$ 14.5 billion. By late 1991 it had increased to US$ 18.7 billion, and by June 1992 to about US$ 21 billion.

Within the overall damage, direct damage accounts for about 70 per cent, the remainder being attributable to indirect damage.

In terms of the gross domestic product, overall economic activity has dropped dramatically, by about 30 per cent in 1991 and by an additional 25 per cent in 1992. In absolute terms, domestic product decreased from US$ 14 billion in 1990 to US$ 9.7 billion in 1991, and to US$ 7.5 billion in 1992.

War damage has brought about a considerable reduction of fixed assets, i.e., of property. Indirect damage - operating losses - amounted to about US$ 5 billion in 1991. Estimates of the domestic product decrease for the next five years have shown that indirect losses caused by the war, including those incurred thus far, would amount to US$ 15-16 billion, which is an exceptional shock for the economy as a whole and the population.

2. The magnitude of war damage still has to be evaluated. New damage is increasing continuously and has not been recorded to date. Part of the Republic of Croatia is under the blockade of the so-called "SAO Krajina", and is inaccessible. Environmental damage, as well as the greater part of non-material damage, has not yet been recorded. The presentation of damage, therefore, serves as an orientation, although it clearly highlights the structure of the damage and the real consequences.

War damage is typically less the consequence of military operations and much more the outcome of deliberate destruction, including the burning of villages and towns, cultural monuments, and religious buildings (i.e., of civilian buildings), and the massacre of the population.

This gives this war a specific weight and sets it apart from past wars. Mere figures on economic facility destruction do not illustrate adequately the suffering of the people and the complete loss of their property.

In the period from August 1990 to 25 August 1992 5,435 citizens of the Republic of Croatia were killed, and 20,518 wounded; an additional 13,000 persons are still listed as missing.

So far 590 settlements have suffered the consequences of war; out of those, 35 were completely destroyed and burnt down, while 34 suffered extremely heavy damage. These settlements include larger towns such as Vukovar, Gospić, Osijek, Dubrovnik, Slavonski Brod, Vinkovci, Karlovac, Otočac, Pakrac, Lipik etc.

About 210,000 housing units - about 12 per cent of the housing fund - have been destroyed, burnt down or damaged.

On 6 October 1992 the Republic of Croatia provided relief to 336,611 refugees from Bosnia and Herzegovina, 263,109 displaced persons from Croatia and 30,326 refugees from Kosovo and Vojvodina.

Over the past 11 months about US$ 360 million have been spent on providing accommodation and food for displaced persons and refugees.

Because of war damage and the related consequences the economy of the Republic has reached the limits of tolerability.

The table lists the estimated war damage. The figures do not include the cost borne by the budget of the Republic, the expenditures incurred by providing relief to refugees and displaced persons, and current indirect damage.

About 30 per cent of industrial facilities have been affected by war activities, damaged or destroyed. This concerns in particular the textile industry, leather and footwear industries, the metalworking industry and shipbuilding.

War damage in the electric power industry and supply amounts to US$ 343.0 million, in the petroleum, natural gas and petrochemical industries to US$ 228.4 million, and in petroleum transport to US$ 9.4 million.

The list of damaged facilities includes 11 thermo- and hydroelectric power plants, 26 transformer stations, 40 high-voltage transmission lines, and 16 power distribution centres.

Assessment of War Damage in Croatia a/

(Millions of United States dollars)

	Direct	Indirect	Total	Structure of the economy (per cent)	Per cent of total damage
Industry	1 600	900	2 500	18.0	12.6
Agriculture and foodstuffs industry	780	520	1 300	9.3	6.5
Forestry and wood and timber industry	787	396	1 183	8.5	6.0
Water resources	150	140	290	2.1	2.5
Transport and communications	1 426	798	2 224	16.0	15.6
Road transport	90	90	180	-	6.9
Road infrastructure	261	215	476	-	2.4
Railways	353	249	602	-	3.0
Ports and river transport	90	10	100	-	0.5
Sea transport and seaports	38	67	105	-	0.5
Air transport	94	30	124	-	0.5
Postal services, telecommunications, and radio-television	500	137	637	-	3.2
Trade	20	900	920	6.6	4.6
Hotel, catering and tourist trade	230	1 480	1 710	12.3	-
Housing and communal public utilities	3 800	-	3 800	27.2	19.2
The economy	8 793	5 134	13 927	100.0	70.2
Welfare	100	1 000	1 100		5.6
Education, culture, sport	2 500	-	2 500		12.6
Health care	2 300	-	2 300		11.6
Public services	4 900	1 000	5 900		29.8
Total	13 693	6 134	19 827		100.0

a/ As of late June 1992.

The list of destroyed or war damaged road infrastructure facilities includes 1,870 km of arterial highways (39.5 per cent of the total network) 4,625 km (32.4 per cent) of regional roads, and 4,025 km (31.7 per cent) of local roads. Thirty-three bridges have been destroyed and 24 damaged.

Because the damage suffered by the railway infrastructure, and occupation of part of the Republic, there is no traffic on 37 per cent of railway lines. Destroyed or damaged facilities include 45 km of track, 635 km of serial contact lines, 18 railway bridges and 66 railway stations; 92 locomotives, 476 passenger cars and 1,445 freight cars were destroyed, damaged or stolen.

Because of devastation and destruction 224 post offices (20 per cent) have been closed down; 223 telephone exchanges (31 per cent) are out of operation; telecommunications have been completely disrupted at 28 nodal points (22 per cent); almost 200,000 telephone subscribers in Croatia have been excluded from the Croatian telecommunications network.

Nine major hospitals have been destroyed, as well as about 280 smaller health-care facilities.

Eighty-one preschool facilities, 204 primary school buildings, 61 secondary school buildings, and 17 university college buildings and campuses have been either destroyed or damaged.

More than 300 churches and 200 cultural monuments of the highest category have suffered complete destruction.

The damage to the environment, wildlife and livestock is inestimable. Several national parks and nature reserves, e.g. the Plitvice Lakes, the Krka river, Lonjsko Polje, Kopački Rit marshes etc., have also felt the ravages of war.

The total magnitude of damage in public services amounts to US$ 5.9 billion, US$ 4.9 billion being accounted for by direct damage.

If one includes the expenditures borne by the budget of the Republic, and the cost of relief for refugees and displaced persons, total damage would amount to about US$ 21 billion, or US$ 4,500 per capita.

UNITED
NATIONS

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General Assembly

Distr.
GENERAL

A/C.2/47/3
4 November 1992

ORIGINAL: ENGLISH

Forty-seventh session
SECOND COMMITTEE
Agenda item 78 (a)

DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION:
TRADE AND DEVELOPMENT

Letter dated 28 October 1992 from the Minister of Foreign Trade of Colombia and President of the United Nations Conference on Trade and Development at its eighth session to the President of the General Assembly

I take great pleasure and pride in formally transmitting to you the report of the United Nations Conference on Trade and Development (UNCTAD) on its eighth session (document TD/364). The report represents the outcome of a Conference which marked a turning-point in the history of UNCTAD and the approach to international cooperation. The collective endeavour of Cartagena launched the idea of a new partnership for development: one in which we committed our countries to share, without reserve, our generosity, our talent, our imagination and our resources. The idea and spirit of a global partnership, later endorsed by heads of State at the Rio Conference, was conceived by Governments in February at the Conference in Cartagena.

Colombia assumed the responsibility and commitment to host the eighth United Nations Conference on Trade and Development, convinced that, in an atmosphere of genuine cooperation and dialogue, it would be a crucial date for the question of development at an exceptional time for all mankind. We are confident of having accomplished our aim of promoting a spirit of modernization through solidarity in an institution so closely linked to the interests of the developing world.

You may recall that just a year ago, in the context of the preparatory deliberations of the Conference, a general feeling of perplexity and uncertainty prevailed. Cognizant of this and of the fact that a whole new dimension had been brought about by changes in the international order, my country, in the company of interested Governments, undertook a highly

intensive work and diplomatic agenda seeking the definition of international development cooperation in the context of the relaxing of East-West tension. The effort resulted in new breath for UNCTAD on the basis of consensus on cooperation instead of confrontation.

Thus, UNCTAD emerged from Cartagena strengthened. Its limits of action are governed by the very magnitude and intricacies of the development issue. The interaction of ideas in its new format will contribute to the evolution of thinking in the broad field of trade and development at a juncture in history characterized by the global nature and interdependence of economic performance. The renewed UNCTAD should strive to facilitate the structuring of economic relations among developed and developing countries in a manner conducive to better standards of living for people in all corners of the world. It will allow countries to articulate pressing concerns in an intergovernmental setting, bringing about consensus evolution and opening up new grounds for collaboration. In the Cartagena Commitment cooperation prevails as a pillar of peace, security and development.

In this manner, UNCTAD is recognized as the main instrument of the United Nations system in the field of international trade and economic development. While reaffirming this, the Conference adopted a wide array of substantive recommendations on the issues of resources for development, international trade, technology, services and commodities, as well as the follow-up of the Programme of Action for the Least Developed Countries and the question of economic cooperation among developing countries. It redefined the relationship between UNCTAD's analytical, normative and technical cooperation activities; agreed on a comprehensive reorientation of its substantive work; and launched a far-reaching restructuring of the intergovernmental machinery and its methods of work.

UNCTAD is further empowered in fields in which it did not work before or did so with certain limitations. UNCTAD is thus ready to undertake action, for instance, on the critical question of poverty alleviation; on the difficult subject of environment and development, within a theoretical and action framework under the concept of sustainable development; and on the vicissitudes of privatization, with a modern approach.

Additionally, UNCTAD was reaffirmed as a forum for intergovernmental debate, for consensus-building and negotiations. Its political analysis functions were also reiterated and it was stressed that the strict and detailed analysis of development problems should constitute the foundation of UNCTAD activities, together with the functions of surveillance, execution and follow-up of commitments. The critical function that UNCTAD must accomplish through the provision of technical assistance to developing countries was emphasized.

The scope of negotiation was defined along a common conception, which will enable interested parties to approach, in a comfortable way, deliberations leading to commitments, so that negotiation takes place as a result of a process that begins with the collective definition by consensus of

the subject of negotiation, then develops through top-quality analytical studies and intergovernmental discussions, and whose scope is finally determined in a selective manner.

The approach to traditional subjects is renewed on the basis of four premises: the general acceptability of interdependence and global interconnection, the new international partnership for development, the paths leading to development and the conceptual framework of sustainable development.

Operatively, the restructuring of the intergovernmental mechanism is of great range. The Conference perceived the reform of the institution as a dynamic process of change. The question was not simply to amend the past but to look forward to the future. This explains the flexibility given to institutional arrangements so that, with time, these may be adapted by consensus to arising and changing needs.

First, the orientation of the Trade and Development Board is modified, concentrating now on questions of policy. Henceforth, the Board will focus on scrutiny of the international implications of domestic macroeconomic policies; trade policies and actions; processes of structural adjustment and economic reforms in both developed and developing countries; cooperation with the least developed countries; and the implications and evolution of the concept and practice of sustainable development.

In a complementary manner, subsidiary organs of the Board are eliminated or modified, eliminating some committees, merging others, and creating what have been called ad hoc working groups. The latter, which have the responsibility of carrying out in-depth analysis and of formulating policy recommendations, will integrate civil society and the enterprise sector in the work of UNCTAD for the purpose of providing enhanced levels of experience and quality.

Thus, current committees are suspended; two specialized organs are maintained: the Special Committee on Preferences and the Intergovernmental Group of Experts on Restrictive Practices; four standing committees, on commodities, poverty alleviation, economic cooperation between developed and developing countries, and development of the services sectors, are created. The five established ad hoc working groups will take on investment and financial flows, commercial opportunities for developing countries, privatization, trade efficiency, and the relationship between technology and investment.

For the work of these nine organs, terms of reference were agreed on at the spring session of the Board, relating them to the programmes of action defined for the substantive issues. This work shall not result in resolutions reflecting the lowest common denominator among countries but in decisions, recommendations, conclusions or, if agreed or considered necessary, in international agreements of binding character.

As for substantive questions, the Conference - aware of present realities - adapted, reoriented and consolidated its competence, based on the fact that, while it shall continue dealing with long-standing trade and development subjects, it will also have to be concerned with new subjects so that development may be a common international endeavour.

In that sense, the Conference emphasized some matters applicable to the global nature of the subjects it deals with. Specifically, it identified as the main challenges for the immediate future poverty alleviation and acceleration of the social and economic growth of developing countries on the basis of long-term sustainable development supported by international cooperation. It dealt with the question of good management, especially as regards the adoption and implementation in developed and developing countries of macroeconomic policies conducive to an international environment favourable to development in terms of openness, non-discrimination and transparency, reducing uncertainty and fostering equitable integration of all countries in the world economy; in the same way, it stressed that good management should be achieved in the public and private spheres, as well as in industrialized and developing countries, and should encompass large business conglomerations as well as small operators. The Conference stressed the function of the market, competition, competitiveness, investment, privatization and the fostering of entrepreneurial action and initiative as ways and means of achieving development.

Still more important, the Conference defined the struggle towards prosperity and development as priority matters in the international cooperation agenda, warning that, within the complex monetary and fiscal policies, structural adjustments and economic reforms, attention should first and foremost be given to the social and human dimension of economic advancement. In this sense, UNCTAD will now give more attention to the social aspects of development.

As for the subject of resources for development, emphasis is given to the need for vigorous action at the international level to ensure the flows needed to complement investments made by developing countries with their own resources. Hence the need for present strategies of external debt alleviation to evolve towards schemes which facilitate timely service to affected countries for their growth programmes in a manner consistent with their development needs. In addition, special importance is given to the allocation of resources specifically aimed at alleviating poverty and addressing environmental concerns in the context of sustainable development. In a new and different area which provides potential benefits from the relaxing of East-West tension, attention is given to the reduction of military expenditures and the channelling of freed resources towards productive and development uses. The Conference defined the role of UNCTAD with respect to financial resources, recognizing its importance as a forum for debate as well as for the promotion of discussions and negotiations in various competent international bodies.

As regards the critical subject of international trade, including services, the Conference reiterated the important role of UNCTAD in this sphere, especially as a complement to the multilateral agreements subscribed to in other forums. UNCTAD is requested to play an active role in the fight to halt and roll-back protectionism and unilateralism and in strengthening an open and non-discriminatory multilateral system. Particular attention was given to the cooperation deemed necessary between the UNCTAD secretariat and developing countries to assist them in the evaluation and analysis of and maximum benefit from the results of the GATT Uruguay Round. At the same time, it was agreed to involve UNCTAD in the analysis of regional processes of trade and economic integration and in the necessary assistance to developing countries engaged in similar efforts.

General parameters for a work programme, complementary to the agreement on international trade in services that will eventually result from the Uruguay Round, were recently agreed on, supporting better participation of developing countries in this sector, through the provision of financial assistance, strengthening of required legal and institutional frameworks at the national level, analysis of access to information and distribution networks at the international level, and in avoiding a distortion of the functioning of the services market, which may result from practices that restrict competition. A challenging work programme for the Standing Committee on Services was agreed on some weeks ago in Geneva. Developing countries look forward with much hope to the commencement of work on this issue.

As a new substantive aspect, the Conference supported the notion of trade efficiency and the important programmes developed by the UNCTAD secretariat based on this concept. The secretariat was charged with pursuing further the process of analysis and cooperation in this matter, stressing the importance of joint efforts with the public and private sectors and at the national and international levels.

Regarding technology, the Conference reiterated the importance of the link between technological, social and economic development capacities, and made policy recommendations in this context. In addition, as a complement to the multilateral agreements which will result in the sphere of intellectual property, emphasis was placed on the needed increase of investment flows, especially those related to the transfer of technology. The door remains open to pursue work on a code of conduct further and thus to seek consensus on the aspects to be included therein. Special attention was given to the problem of the establishment and development of environmentally sound technologies and the transfer of and access to these technologies on terms favourable to developing countries. In this regard, the agreed work programme emphasizes the building of endogenous technological capacity in countries in transition to market economies and in developing countries; equal emphasis is given to the link between the problems of technology and trade, investment, finance and environment.

As for commodities, it was agreed to begin a process which, by definition of the Conference, should be intensive in order to find new alternatives to solve the problems in this sector. To this end, the relevant committee has been charged with exploring new ways and means to strengthening commodity markets while seeking to reconcile levels of supply and demand. Improvement of price formation mechanisms should be studied, as should wider use of risk-management techniques. Special emphasis was also given to the adoption of sound policies at the national and international levels, geared to efficient management of resources and greater contribution of commodities to development within the context of sustainable development.

Cognizant of the urgency of the problem, my country has proposed the convening of a world conference on commodities, under the aegis of UNCTAD. In the decision adopted by all countries at Cartagena, and in the work programme recently agreed upon for the new Standing Committee on Commodities, a process of consultations has been mandated and substantive work should be undertaken. All this, my country expects, should result, as soon as possible, in the convening of a world conference for the benefit of developing country producers of commodities, as well as of consumers of commodities throughout the world.

On a different topic, one of the main achievements of the Conference was the definite integration in the work and orientation of UNCTAD of the concept of sustainable development and hence the mandate given to the secretariat to foster, from this perspective, theoretical and practical innovation in the field of environment and economic development. In this context, it was also decided that UNCTAD should work on developing a framework of compatibility and coexistence of environmental policies and trade practices and norms, so as to avoid the use of protectionist trade measures with environmental pretexts. It shall also work on the further study of transfer of additional financial resources needed by developing countries in the context of environment and development programmes. At an equally important level, UNCTAD will have to intensify its action on the interrelation between poverty alleviation and policies and mechanisms in such environmentally sensitive sectors as agriculture, energy resources, industry and transport. In a complementary action, UNCTAD shall work towards a better understanding of the effect and implications of the economic tools and market instruments proposed for environmental protection purposes. Within the work programme in other fields, the need to explore in UNCTAD the reverse equation was also stressed, that is to say, the effect of market conditions and competitiveness on the use of natural resources and on the environment. In addition, the Conference provided guidelines to UNCTAD on technical assistance to developing countries regarding those aspects, as well as on the preparation of and participation in present and future international deliberations and negotiations on environment, particularly as they relate to UNCTAD's areas of competence.

In order to consolidate the integration of this aspect in the work of UNCTAD, the Conference, aware of the importance of the United Nations Conference on Environment and Development (UNCED), agreed to forward a message to UNCED recalling that those same Governments present there had given to

UNCTAD in Cartagena the capacity to contribute to the follow-up of the programmes of action of Agenda 21 adopted in Rio de Janeiro, last June, especially in the fields of trade, technology, services, poverty alleviation, commodities and, in general, in the relationship between trade and development in accordance with the revitalized mandate of UNCTAD. Moreover, Governments at the Cartagena Conference decided to inform UNCED that UNCTAD would stand ready to introduce additional changes at the institutional level, if that were necessary to implement the Rio results. In this regard, it is also pertinent to note that there was considerable agreement in Cartagena in the elaboration of texts for the preparatory process of UNCED. At the end, convergence on the difficult question of the interface between trade, environment and sustainable development was reached with the literal transcription of texts adopted at the eighth session of UNCTAD into the Rio Declaration and various chapters of Agenda 21.

With regard to the least developed countries, the Conference made moderate progress in relation to what had been agreed on at the Paris Conference in 1990. Besides reiterating the importance of this programme, the Conference requested the Board to revise and improve the Paris commitments regarding levels of support for development and the agreed objectives, in view of international developments. In addition, within programmes of action in other fields, thorough analysis is agreed on the development situation of the least developed countries and the relationship of their problems with the international environment, all of this aiming at formulating recommendations.

I shall now endorse the request contained in the letter addressed to you on 25 May 192 by Dr. Thomas Ogada, President of the Trade and Development Board, conveying the decisions of the eighth session of the Conference, contained in the Cartagena Commitment, concerning the suspension of the subsidiary bodies of the Trade and Development Board, with the exception of the Special Committee on Preferences and the Intergovernmental Group of Experts on Restrictive Business Practices, and the creation of four new standing committees and five ad hoc working groups, and the subsequent decisions taken by the Trade and Development Board on the terms of reference of the new bodies.

I am also pleased to report that the multilateral process of restructuring the intergovernmental machinery has been successfully completed by the Trade and Development Board and that the new structures are already in place and have started working enthusiastically, following very intensive agendas and schedules.

Member countries pledged that these changes will result in the increased involvement of national experts and policy makers, as well as non-governmental actors in the work of UNCTAD. This, in turn, will enable UNCTAD to become more responsive to the needs of member States.

I believe this set of meaningful variations testifies to UNCTAD's flexibility to adapt itself to changing circumstances and represents a major contribution to the current process of reform of the economic and social sectors of the United Nations.

The Spirit of Cartagena, which characterized the deliberations at the eighth session of the United Nations Conference on Trade and Development, has been projected in the days which followed the meetings and is providing a new stimulus to international cooperation. Colombia had the honour of steering this challenging enterprise and has met its responsibility. From here on, only the political will of the countries that adopted the Cartagena Commitment will render immediately feasible these enormous possibilities for international action, imagination and solidarity for the advancement of humankind and the achievement of enduring peace.

I should be grateful if you would arrange for this letter, together with the full report of the Conference, to be circulated at the forty-seventh session of the General Assembly.

Juan Manuel SANTOS
Minister of Foreign Trade
of Colombia
President of the United Nations
Conference on Trade and Development
at its eighth session